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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re

David Paul Williams,

Debtor.

CELESTE MCENTEE, DYLAN MCENTEE,
CINDY MCENTEE, DENISE WILSON,
MARK WILSON, ALAN NEWELL, HILDA
NEWELL, DARLENE NORDGAARDEN,
and TERRY HAYES, as individuals,

Plaintiffs,

DAVID PAUL WILLIAMS,

Defendant.

Chapter 7

No. 22-60031-tmr7

Adversary No.

COMPLAINT OBJECTING TO
DISCHARGEABILITY UNDER 11 U.S.C. 523

Celest McEntee, Dylan McEntee, Cindy McEntee, Denise Wilson, Mark Wilson, Alan Newell, Hilda Newell, Darlene Nordgaarden, and Terry Hayes, plaintiffs in the above-referenced adversary proceeding allege as follows:

BACKGROUND

1. In Spring, 2021, the Plaintiffs as individuals and TreeNada Co. (“TreeNada”), a Delaware corporation, executed contracts that requires TreeNada to provide labor and products for Plaintiffs specifically related to Plaintiffs’ projects known as “Newport Projects.” At all material times, TreeNada was owned and actually controlled by the Debtor, David Paul Williams, the defendant in this adversary case, together with his wife and another couple.

2. Plaintiffs advanced \$1,100,000 for raw materials and production costs. After paying for and obtaining the necessary permits, Plaintiffs attempted to schedule delivery and installation of TreeNada’s products. TreeNada did not complete its work.

3. In August, 2021, Plaintiffs learned from TreeNada’s Chief Financial Officer, D. Schaezler, that in spite of payment being made by Plaintiffs for raw materials and work, no such materials had been acquired and no work had been completed on Plaintiffs’ contracts.

4. On or about December 2, 2021, Plaintiffs filed their Amended Complaint in Marion County Case No. 21CV3811, alleging that the Debtor through his malfeasance is responsible for TreeNada’s debt to Plaintiffs. In response, the Debtor commenced this case.

5. The Debtor failed to list his ownership interest in TreeNada Co. on his schedules of assets. Defendant Debtor did list the full \$1,100,000.00 claim of plaintiffs as an unsecured claim in his petition.

6. In addition, the Debtor incurred a debt to Civil West Engineering for a Fill and Grading Plan for the project above, in the amount of \$6,796.75 which he failed to pay or list on his schedules. Plaintiffs were forced to pay this amount to Civil West Engineering to obtain necessary work product for their project.

CLAIMS FOR RELIEF
FIRST CLAIM FOR RELIEF

(Fraud)

7. Plaintiffs reallege and incorporate by reference paragraphs 1-6 as if fully set forth herein.

8. Defendant Debtor intentionally concealed and misrepresented material facts, and engaged in fraudulent behavior when he induced plaintiffs to pay \$1,100,000.00 for materials and product he had no intention of providing.

9. Defendant intentionally and fraudulently concealed from plaintiffs a debt to Civil West Engineering incurred for the project above, in the amount of \$6,796.75. Plaintiffs were forced to pay this amount to Civil West Engineering to obtain necessary work product for their project.

10. Plaintiffs relied, and had a right to rely, on Debtor's misrepresentations when Plaintiffs paid the sum of \$1,100,000 to TreeNada.

11. Plaintiffs are entitled to be paid in full the amounts they paid to TreeNada, \$1,100,000.00, plus the additional payment to Civil West Engineering in the amount of \$6,796.75.

SECOND CLAIM FOR RELIEF

(Objection to Dischargeability - 11 U.S.C. § 523(a)(2)(A))

12. Plaintiffs reallege and incorporate by reference paragraphs 1-11 as if fully set forth herein

13. Defendant Debtor knowingly made material misrepresentations, engaged in

fraudulent omissions, and engaged in deceptive conduct when he induced plaintiffs to pay \$1,100,000.00 for materials and product he had no intention of providing. Plaintiffs justifiably relied on defendant's representations, fraudulent omissions, and deceptive conduct because he was in a position of ownership and agency of the TreeNada, and he was in a position of authority and the subject matter expert on the services the company could perform. Defendant Debtor had control of the procurement and production of materials at TreeNada.

14. Defendant Debtor engaged in a pattern of conduct intended to defraud Plaintiffs through which he obtained money in the amount of \$1,100,000.00. This amount is therefore is exempt from dischargeability under 11 U.S.C. § 523(a)(2)(A).

THIRD CLAIM FOR RELIEF

(Objection to Dischargeability - 11 U.S.C. § 523(a)(6))

15. Plaintiffs reallege and incorporate by reference paragraphs 1-14 as if fully set forth herein.

16. Defendant Debtor's conduct described above rises to the level of intentional monetary injury to plaintiffs. As a result, the amount of \$1,100,000.00 is exempt from dischargeability under 11 U.S.C. § 523(a)(6).

REQUEST FOR RELIEF

WHEREFORE, Plaintiffs pray for the following relief:

1. That the Court enter an order that Plaintiffs' claims against Defendant Debtor are non-dischargeable under 11 U.S.C. §§ 523(a)(2)(A) and/or 523(a)(6);
2. For an award of its reasonable costs and disbursements incurred herein; and,
3. For such other and further relief as the Court deems proper

Dated this 8th day of April, 2022.

SCHWABE, WILLIAMSON & WYATT, P.C.

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